

**BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2004-357-W/S**

IN RE:

Application of Carolina Water Service,  
Inc. for adjustment of rates and charges  
and modification of certain terms and  
conditions for the provision of water and  
sewer service.

**DIRECT TESTIMONY  
OF  
BRUCE T. HAAS**

**Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

**A.** My name is Bruce T. Haas, and my business address is 110 Queen Parkway, West  
Columbia, South Carolina 29169

**Q. WHERE ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

**A.** I am Regional Director of Operations for Carolina Water Service, Inc. for South  
Carolina and for six other operating subsidiaries of Utilities, Inc., four of which are in South  
Carolina and two of which are in Georgia.

**Q. HOW LONG HAVE YOU BEEN EMPLOYED IN THE WATER AND SEWER  
UTILITY INDUSTRY?**

**A.** Approximately 26-1/2 years.

**Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

**A.** I first began my employment as a meter reader and maintenance worker in 1978  
by Lake Holiday Utilities, Corp., which is also a subsidiary of the Company's parent,  
Utilities, Inc. During the next several years, I was promoted to Operator and Operating

1 Manager positions for a number of Utilities, Inc. subsidiary systems, while earning  
2 various water and wastewater licenses in Illinois and Ohio, including the highest levels of  
3 water treatment and wastewater treatment licenses from the Illinois EPA. I eventually  
4 became the Area Manager for the Peoria, Illinois region, overseeing the water and  
5 wastewater facilities in this area. In 1989, I transferred to Charlotte, North Carolina  
6 where I accepted the position of Area Manager for several areas for Carolina Water  
7 Service of North Carolina, Inc., a sister subsidiary of the Company, a job I also  
8 performed for the Company which involved operations of the Riverhills System in York  
9 County, South Carolina. I was eventually promoted to Regional Manager while in  
10 Charlotte. During this time I also obtained various water and wastewater licenses in  
11 Water Treatment, Wastewater Treatment, Water Distribution, Wastewater Collection, and  
12 Backflow/Cross-Connection certifications from the State of North Carolina and took  
13 night courses towards a degree in Civil Engineering Technology. I also hold the highest  
14 levels of water and wastewater certifications for Water Treatment, Water Distribution,  
15 Wastewater Treatment and Wastewater Collection from the State of South Carolina. In  
16 2002, I was promoted to my current position and given responsibility for the Company's  
17 systems in South Carolina, along with two subsidiary companies located in Georgia.  
18 However, the majority of my time is spent working on issues pertaining to the  
19 Company's South Carolina systems.

20  
21 **Q. WHAT ARE YOUR DUTIES WITH CAROLINA WATER SERVICE?**

22 **A.** I am responsible for making sure our customers receive the best possible service.  
23 As such, I am responsible for all operating personnel, facilities, maintenance and capital  
24 projects. In addition, I am responsible for communications with state and federal  
25 regulators, including state utility commissions and environmental authorities as well as  
26 other operational issues.

1 **Q. WOULD YOU DESCRIBE YOUR EXPERIENCE IN WORKING WITH OR**  
2 **TESTIFYING BEFORE STATE UTILITY COMMISSIONS REGARDING RATE**  
3 **CASES?**

4 **A.** Yes. I have testified before the commissions in North Carolina and South  
5 Carolina, along with working with staff of the Illinois Commerce Commission during my  
6 tenure with the Company.  
7

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING,**  
9 **MR. HAAS?**

10 **A.** The purpose of my testimony is to provide the Commission with a brief overview  
11 of our South Carolina operations and our continued efforts to provide our customers with  
12 the best possible water and sewer utility service and to support the portion of the  
13 Company's application for modification of certain of the terms and conditions pertaining  
14 to water service.  
15

16 **Q. MR. HAAS, WOULD YOU BRIEFLY DESCRIBE THE COMPANY'S WATER**  
17 **AND SEWER OPERATIONS HERE IN SOUTH CAROLINA?**

18 **A.** Yes. Carolina Water Service, Inc. provides water and/or sewer service to  
19 approximately 15,500 customers. In terms of single family equivalents, our customer  
20 base is approximately 18,500. We deliver safe and reliable water service to our  
21 customer's homes by way of deep drilled wells or through the purchase and resale of bulk  
22 water. We also provide full sewer service through our wastewater collection,  
23 transportation and treatment facilities as well as collection-only service utilizing  
24 wholesale wastewater treatment providers.  
25

26 **Q. WITHIN THE COMPANY, WHO IS RESPONSIBLE FOR ENSURING THAT**  
27 **CUSTOMERS ARE RECEIVING THE BEST POSSIBLE SERVICE?**

28 **A.** I have the overall responsibility for ensuring that our customers receive the best  
29 possible service. In order to discharge this responsibility, I make every effort to see that

1 the company hires and maintains a highly qualified and professional staff of individuals  
2 both in the office and in the field. Together, we continue to make customer satisfaction  
3 the primary responsibility of each and every Carolina Water Service employee.  
4

5 **Q. WHAT ONGOING PROGRAMS DOES THE COMPANY HAVE IN PLACE TO**  
6 **HELP ENSURE THAT CUSTOMERS RECEIVE QUALITY UTILITY**  
7 **SERVICE?**

8 **A.** First and foremost, we make certain that our operations personnel are duly  
9 certified by environmental regulatory authorities. We provide training resources in order  
10 to increase their knowledge and education in the water and wastewater fields. Many of  
11 our licensed operators hold the highest levels of water and wastewater certifications from  
12 the State of South Carolina and we also employ a registered Professional Engineer. We  
13 hold periodic staff meetings to specifically address service concerns, as well as to  
14 increase employee sensitivity to customer satisfaction. Topics covered include service  
15 problems we have encountered, steps taken to solve these problems, new regulations and  
16 cost control measures. These regular meetings also serve as an opportunity to reinforce  
17 our customer service philosophy, as well as to keep each of us focused on what is  
18 important -- our customers. Continuing education programs are provided for all  
19 employees, including classes routinely conducted by Company staff as well as outside  
20 consultants. Our most valuable resource is our personnel. By keeping up to date with  
21 new methods and changing regulations, we enable them to provide better service and  
22 hold down costs.

23 To ensure that our customers are provided the best possible service we also  
24 employ a capital improvements program, as well as ongoing operational programs such  
25 as routine testing and periodic water main flushing to improve water quality, the use of  
26 sequestering agents to reduce the effects of minerals which may occur naturally in ground  
27 water, the cleaning of between 10%-20% of sewer collection mains each year to  
28 minimize the potential for back-ups, and a 24-hour-a-day, seven-day-a-week on-call

1 emergency service. These programs also ensure that company-wide facilities are  
2 properly maintained and safety standards met.

3 Communication with our customers and community leaders regarding issues  
4 which may have an impact on the quality or cost of service is also an important aspect of  
5 our business. As increased environmental regulation continues to place upward pressure  
6 on the cost of providing service, it becomes more important for us to inform customers of  
7 the measures we must take to ensure that their drinking water is safe and that their  
8 waterways are protected. Included in these customer communication efforts are  
9 attendance at Property Owners Association (POA) meetings when we are notified,  
10 customer letters, bill inserts and back-of-the-bill messages, the submission of information  
11 to local media outlets, annual Consumer Confidence Reports detailing the Safe Drinking  
12 Water Act compliance, and new customer welcome packets introducing our company and  
13 providing contact information for problems or concerns.  
14

15 **Q. HAS INCREASED FEDERAL REGULATION OF THE WATER AND**  
16 **WASTEWATER UTILITIES CONTINUED TO HAVE AN IMPACT ON THE**  
17 **COMPANY?**

18 **A.** Absolutely, yes. The Safe Drinking Water Act, or SDWA and the Clean Water  
19 Act, or CWA have changed the way in which water and sewer utilities conduct their  
20 business. DHEC implements statutes and regulations adopted by the State of South  
21 Carolina under these federal enactments. Additional costs have been placed upon water  
22 and wastewater utilities to comply with more exacting limits in both areas. While we  
23 have already complied with many of the requirements contained in the reauthorization of  
24 the SDWA, new requirements continue to be promulgated. Likewise, the requirements of  
25 the CWA continue to evolve.  
26

27 **Q. WHAT IMPACT DOES THIS HAVE ON THE COMPANY'S CUSTOMERS?**

28 **A.** For one thing, the cost of providing service obviously increases; but, in turn our  
29 customers receive the benefit of greater protection of their waterways and safer drinking

1 water that is free of harmful contaminants. Our customers also benefit from our  
2 committment to provide them with safe and reliable utility service which is reinforced by  
3 compliance. Understandably, customers may be unaware of our efforts to meet  
4 regulatory requirements since they do not necessarily see a perceptible change in the  
5 quality of service and therefore, may also be largely unaware of the hidden benefits of  
6 compliance. Without the benefits of compliance, residential development simply cannot  
7 be sustained – much less begun. And, of course, these benefits accrue to the overall well-  
8 being and value of the communities we serve.

9  
10 **Q. CAN YOU PROVIDE A SPECIFIC EXAMPLE OF THE CAPITAL**  
11 **IMPROVEMENTS AND COMPANY PROGRAMS BENEFITING CUSTOMERS**  
12 **THAT YOU MENTIONED?**

13 **A.** Yes. The Company has received intermittent complaints regarding sewer odor at  
14 our Watergate plant. We had previously increased sludge hauling at this plant in an effort  
15 to reduce odor. As a result of our ongoing inspection and maintenance program, the  
16 Company already had in place a capital improvement projects plan to address this issue.  
17 This plan provided for installation of a new odor control baffle and air scrubber system at  
18 a cost exceeding \$135,000. When it recently became apparent that a capital improvement  
19 was going to be needed to address the problem, we were able to immediately commence  
20 the process of obtaining the necessary DHEC permits to install the new equipment. We  
21 hope to have it completed before this case is concluded. This is just one example of our  
22 efforts in the operational and capital improvements areas which serve to enhance service  
23 quality.

24  
25 **Q. MR. HAAS, YOU ALSO STATED THAT A PURPOSE OF YOUR TESTIMONY**  
26 **IS TO SUPPORT THE COMPANY'S REQUEST FOR MODIFICATION OF**  
27 **CERTAIN TERMS AND CONDITIONS PERTAINING TO THE PROVISION OF**  
28 **THE COMPANY'S SERVICES; WOULD YOU PLEASE DESCRIBE THESE**  
29 **MODIFICATIONS?**

1 A. Certainly. The first modification is to the rate schedule provisions pertaining to  
2 service provided to rental units and is set out at page two of the water schedule and page  
3 six of the sewer schedule. Since the Company's last rate case in 2001, the legislature has  
4 enacted a statute restricting the ability of any utility – whether governmental or investor  
5 owned – to require a landlord to be financially responsible for utility service provided to  
6 a tenant. This effectively invalidated the Commission's long-standing regulation which  
7 permitted this practice. A subsequent amendment to this legislative enactment permits a  
8 utility to require a landlord to be responsible for service provided to a tenant in a multi-  
9 unit building with more than three units which are not separately metered or connected.  
10 This proposed modification is intended to bring the Company's rate schedule into line  
11 with the current law.

12 The second proposed modification is to the water rate schedule and consists of a  
13 new section six on page three. Regulations promulgated by DHEC under the State Safe  
14 Drinking Water Act require the elimination of cross connections to public water systems  
15 which have the potential for contaminating safe drinking water. Typically, a cross  
16 connection in our customer base will consist of a separate water irrigation line which may  
17 or may not be metered. The DHEC regulations prohibit any person from installing,  
18 permitting to be installed or maintaining a cross connection unless there is an approved  
19 backflow prevention device installed between the public water system and the potential  
20 source of contamination. DHEC regulations further require that certain backflow  
21 prevention devices be inspected annually by a DHEC certified tester. The modification to  
22 our rate schedule provides notice to customers that any cross connections must be  
23 addressed by an approved backflow prevention device and that the customer is  
24 responsible for the annual inspection. In the event that a customer does not comply, this  
25 provision would permit the Company to arrange for an inspection and bill the customer  
26 the costs of same without markup. The Company has an obligation under the regulation  
27 to ensure that no unprotected cross connections are in place and customers have an  
28 obligation under the regulation not to install or maintain unprotected cross connections.

1           This provision insures that unaffected or compliant customers do not bear the cost of  
2           enforcing compliance with this program by other customers.

3

4   **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

5   **A.    Yes.**